

**CORPORATE INTEGRITY AGREEMENT**  
**BETWEEN THE**  
**OFFICE OF INSPECTOR GENERAL**  
**AND**  
**THE HEALTH CARE FINANCING ADMINISTRATION**  
**OF THE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**AND**  
**NYLCARE HEALTH PLANS OF THE GULF COAST, INC.**  
**AND**  
**NYLCARE HEALTH PLANS OF THE SOUTHWEST, INC.**

**I.     PREAMBLE**

NYLCare Health Plans of the Gulf Coast, Inc. and NYLCare Health Plans of the Southwest, Inc. (collectively, "NYLCare") hereby enter into this Corporate Integrity Agreement ("CIA") with the Office of Inspector General ("OIG") and the Health Care Financing Administration ("HCFA") of the United States Department of Health and Human Services ("HHS"), to ensure compliance with the requirements of the Medicare+Choice program (as currently defined at 42 U.S.C. §§ 1395w-21 - w-28 and 42 C.F.R. Parts 400, 403, 410, 411, 417 and 422). On July 16, 1998, Health Care Service Corporation ("HCSC") entered into a Settlement Agreement and Corporate Integrity Agreement with the United States, HCFA and OIG. This CIA is entered into pursuant to the terms of that Corporate Integrity Agreement. HCSC has executed a Stock Purchase Agreement (the "Stock Purchase Agreement") to acquire NYLCare from its parent corporations, Aetna U.S. Healthcare Inc., NYLCare Health Plans, Inc. and Lone Star Health Plan, Inc., and upon the closing of that Stock Purchase Agreement, NYLCare will become a wholly owned subsidiary of HCSC (a copy of that Stock Purchase Agreement is attached as Exhibit 1). NYLCare holds two Medicare+Choice contracts (contract numbers H-4558 and H-4507) with HCFA, ("the

NYLCare Medicare+Choice contracts”) and upon receipt of all required regulatory approvals, NYLCare will execute Medicare Reinsurance and Administrative Services Agreements (“Reinsurance Agreements”) with the Corporate Health Insurance Company, Inc. (together with its affiliates referred to herein as “CHIC”), an affiliate of Aetna U.S. Healthcare, for the reinsurance and administration of NYLCare's Medicare+Choice contracts (copies of the Reinsurance Agreements are attached as Exhibits 2 and 3). The provisions of this CIA shall apply solely to matters involving the administration of the NYLCare Medicare+Choice contracts.

Notwithstanding any relationship(s) that NYLCare may have with related entities, reinsurers, contractors or subcontractors, NYLCare shall maintain full responsibility and supervisory authority for adhering to, and fully complying with, the terms and conditions of this CIA. NYLCare’s compliance with the terms and conditions in this CIA shall constitute an element of NYLCare’s present responsibility with regard to its participation in the Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)). This CIA is designed to ensure NYLCare’s compliance with this CIA and all applicable Federal health care statutes, regulations and written HCFA directives by those responsible for administering NYLCare’s Medicare+Choice contracts, including NYLCare’s officers, directors, employees, agents and contractors (hereinafter referred to as “Covered Individuals”). This CIA is also designed to ensure NYLCare’s commitment to promote compliance with all applicable Federal health care statutes, regulations and written HCFA directives by those individuals and entities with whom NYLCare contracts to provide Medicare+Choice services and supplies to Medicare

beneficiaries (hereinafter referred to as “Contracted Providers”). This CIA is intended to be for the benefit of the parties to this CIA and does not create any rights or benefits for any individuals or entities, except as expressly stated in section III.B.1.f of this CIA.

All references to “days” in this CIA shall mean calendar days. If any due date or deadline date under this CIA falls on a Saturday, Sunday or Federal or State holiday, the due date or deadline date shall be automatically deemed to be the first business day after that Saturday, Sunday or Federal or State holiday.

## **II. TERM OF THE CIA**

The period of the compliance obligations assumed by NYLCare under this CIA shall be the earlier of either five years from the effective date of this CIA or the date upon which the NYLCare Medicare+Choice contracts expire or terminate. The effective date of this CIA will be the date of the closing of the Stock Purchase Agreement and NYLCare shall promptly provide written notice of such closing to OIG and HCFA. If, during the term of this CIA, NYLCare proposes to enter into any new contract with HCFA (other than renewals of the existing NYLCare Medicare+Choice contracts), NYLCare agrees to enter into a separate CIA with OIG and HCFA for the new contract that is acceptable to NYLCare, OIG and HCFA, prior to entering into any such HCFA contract. The period of the compliance obligations assumed by NYLCare under any new CIA shall be co-extensive with the term of this CIA.

### **III. CORPORATE INTEGRITY OBLIGATIONS**

To the extent that the following CIA requirements have not already been implemented, NYLCare shall implement and maintain the provisions set forth below within the designated time frames.

A. Compliance Officer. Within thirty (30) days of the effective date of this CIA, NYLCare shall appoint a Compliance Officer who shall be responsible for, and have supervisory authority over, the development and implementation of policies, procedures and practices (and the taking of other such actions as are necessary) that are designed to ensure compliance with the requirements set forth in this CIA and with the requirements of the NYLCare Medicare+Choice contracts. Such responsibilities may be delegated to persons other than the NYLCare Compliance Officer, so long as the NYLCare Compliance Officer retains responsibility for overseeing compliance with this CIA's requirements. The NYLCare Compliance Officer shall be a member of senior management of NYLCare and shall not be the Chief Financial Officer or the General Counsel or within the Office of General Counsel of NYLCare. He or she shall make regular (at least quarterly) reports regarding compliance matters directly to the CEO and/or to the Board of Directors of NYLCare and shall be authorized to report to the Board of Directors at any time. The Compliance Officer shall be authorized to monitor the day-to-day activities engaged in by NYLCare to further its compliance objectives as well as any reporting obligations created under this CIA. In the event a new Compliance Officer is appointed during the term of this CIA, NYLCare shall notify the OIG, in writing, within fifteen (15) days prior to such a change.

In performing his or her duties, the Compliance Officer shall utilize HCFA's Contractor Performance Monitoring System to assess NYLCare's adherence to certain HCFA requirements for managed care contractors. Further, with regard to data submission by NYLCare to HCFA, NYLCare shall give the NYLCare Compliance Officer full authority to stop the submission of data that he or she believes does not comply with the terms of this CIA or the statutes, regulations and program requirements of the Federal health care programs as they relate to the NYLCare Medicare+Choice contracts, until such time as the issue in question has been resolved.

Within thirty (30) days of the effective date of this CIA, NYLCare shall appoint a Compliance Committee which shall, at a minimum, include the NYLCare Compliance Officer and any other appropriate officers as necessary to meet the requirements of this CIA (*e.g.*, senior executives of each major department, such as marketing, utilization review, quality assurance, appeals and grievance, claims processing, enrollment/disenrollment, information systems, provider contracting, finance, clinical, human resources and audit). The NYLCare Compliance Officer shall chair the Compliance Committee, and the Committee shall support the Compliance Officer in fulfilling his/her responsibilities.

B. Written Standards.

1. *Code of Conduct.* Within ninety (90) days of the effective date of this CIA, NYLCare shall review and, if appropriate, revise or supplement the Code of Conduct to satisfy the requirements of this CIA. The Code of Conduct shall be distributed to all Covered Individuals and Contracted Providers within one hundred twenty (120) days of the effective

date of this CIA. NYLCare shall make the promotion of, and adherence to, the Code of Conduct an element in evaluating the performance of managers, supervisors and all Covered Individuals. The Code of Conduct shall, at a minimum, set forth:

- a. NYLCare's commitment to full compliance with all statutes, regulations and written Federal or State governmental directives applicable to Federal health care programs, including its commitment to promote and provide access to quality health care consistent with Federal and applicable State health care program statutes, regulations and written HCFA directives;
- b. a requirement that all Covered Individuals shall be expected to comply with all statutes, regulations and written Federal or State governmental directives applicable to Federal health care programs and with the Medicare+Choice Compliance Policies and Procedures (the "Policies and Procedures") (including the requirements of this CIA);
- c. a requirement that all Contracted Providers shall be expected to comply with all applicable Federal and State health care statutes, regulations and written Federal or State governmental directives and with all applicable Policies and Procedures related to the Medicare+Choice contracts;

- d. a requirement that all Covered Individuals shall be expected to report suspected violations of any statute, regulation or written HCFA directive applicable to the Federal health care programs;
- e. the possible consequences to both NYLCare and to any Covered Individual for failure to comply with all statutes, regulations and written Federal or State governmental directives applicable to Federal health care programs, and with the Policies and Procedures or for failure to report such non-compliance;
- f. the right of all Covered Individuals to use the Confidential Disclosure Program described in section III.E of this CIA, as well as NYLCare's commitment to confidentiality and non-retaliation with respect to disclosures; and
- g. access to the Confidential Disclosure Program described in section III.E of this CIA for all Contracted Providers, as well as NYLCare's commitment to confidentiality and non-retaliation with respect to disclosures.

Within one hundred fifty (150) days of the effective date of the CIA, each Covered Individual shall certify, in writing, that he or she has received, read, understood and agreed to abide by the Code of Conduct. New Covered Individuals shall receive the Code of Conduct and shall complete the required certification within two (2) weeks after the commencement of their employment or contract(s) or within one hundred twenty (120) days of the effective date

of the CIA, whichever is later. These certifications shall be maintained in a reasonable manner for at least the term of this CIA and shall be made available to OIG and HCFA upon request.

NYLCare shall annually affirm or revise the Code of Conduct, to satisfy the requirements of this CIA, as appropriate. Any revised Code of Conduct shall be distributed to Covered Individuals within thirty (30) days and to Contracted Providers within sixty (60) days of making such revisions. Covered Individuals shall certify on an annual basis that they have received, read, understood and agreed to abide by the Code of Conduct, whether revised or not. These certifications shall be made available to OIG or HCFA upon request.

2. *Policies and Procedures.* Within one hundred twenty (120) days of the effective date of this CIA, NYLCare shall review existing written and unwritten Policies and Procedures and, to the extent not already accomplished, shall develop and initiate implementation of new written Policies and Procedures regarding the operation of NYLCare's compliance program and its compliance with all applicable Federal and State health care statutes, regulations, operational policy letters and other written HCFA directives, as they relate to the NYLCare Medicare+Choice contracts. In addition, the Policies and Procedures shall include disciplinary guidelines for Covered Individuals and a requirement that Covered Individuals shall disclose to NYLCare if a Covered Individual becomes an Ineligible Person. NYLCare shall provide methods for Covered Individuals and Contracted Providers to make disclosures or otherwise report on compliance issues to NYLCare management through the Confidential Disclosure Program required by section III.E of this CIA. NYLCare shall assess



and, if necessary, update the Policies and Procedures at least annually, or as often as necessary to ensure full compliance with the terms of this CIA and the statutes, regulations and program requirements of the Federal health care programs as they relate to the NYLCare Medicare+Choice contracts. Any revised Policies and Procedures shall be distributed to Covered Individuals and made available to Contracted Providers within thirty (30) days of making such revisions. A summary of the Policies and Procedures will be provided to OIG and HCFA in the Implementation Report. The Policies and Procedures will be available to OIG and HCFA upon request.

Within one hundred twenty (120) days of the effective date of the CIA, the Policies and Procedures shall be distributed to all Covered Individuals and made available to Contracted Providers. Compliance staff or supervisors should be available to explain any and all Policies and Procedures. Covered Individuals shall certify that they have read, understood and will abide by the Policies and Procedures. These certifications will be made available to OIG and HCFA, upon request.

C. Training and Education.

1. *General Training Program.* Within one hundred twenty (120) days of the effective date of this CIA, NYLCare shall provide at least two (2) hours of training to each Covered Individual. This general training program shall explain the:

- a. Corporate Integrity Agreement requirements;
- b. Compliance Program (including the Policies and Procedures as they pertain to general compliance issues); and

c. Code of Conduct.

These training materials shall be made available to OIG, upon request.

New Covered Individuals shall receive the general training described above within thirty (30) days of commencing their employment or within one hundred twenty (120) days of the effective date of this CIA, whichever is later. Each Covered Individual shall receive such general training on an annual basis.

2. *Specific Training.* Within one hundred twenty (120) days of the effective date of this CIA, each Covered Individual who is directly involved in one or more of the following subject matters in the administration of the NYLCare Medicare+Choice contracts shall receive at least three (3) hours of specific training devoted to the applicable subject matter (hereafter, “Specific Training”), in addition to the general training required above: (i) data collection; (ii) submission of enrollment/disenrollment information; (iii) encounter data; (iv) adjusted community rates; (v) claims processing; (vi) marketing; (vii) utilization review; (viii) quality assurance; and (ix) appeals and grievance procedures. This Specific Training shall include a discussion of:

- a. the particular subject matter in which the Covered Individual is involved and the specific risk areas associated with that subject matter (*i.e.*, a Covered Individual involved in marketing should receive at least three (3) hours of specific training on the risk areas associated with managed care marketing);

- b. the policies, procedures and other requirements related to the NYLCare Medicare+Choice contracts applicable to the specific subject matter in which the Covered Individual is involved;
- c. the obligation of each Covered Individual to comply with the standards contained in the Quality Improvement System for Managed Care;
- d. applicable statutes, regulations and operational policy letters;
- e. the legal sanctions for improper conduct; and
- f. examples of proper and improper conduct.

These training materials shall be made available to OIG and HCFA, upon request. Persons providing the training must be knowledgeable about the applicable subject area(s) and shall coordinate such training with the NYLCare Compliance Officer.

New Covered Individuals for whom Specific Training under this provision is required shall receive this training within thirty (30) days of the beginning of their employment or within one hundred twenty (120) days after the effective date of this CIA, whichever is later. If a new Covered Individual has any responsibility for any of the Specific Training subject areas enumerated above, another Covered Individual who has supervisory experience and already has completed the Specific Training, shall review all of the new Covered Individual's work regarding the applicable subject area(s), until the new Covered Individual has completed the applicable Specific Training.

Each Covered Individual shall receive such Specific Training on an annual basis.

3. *Certification.* Each Covered Individual shall certify, in writing, that he or she has attended the required training. The certification shall specify the type of training received and the date received. The Compliance Officer shall retain the certifications, along with specific course materials. These shall be made available to OIG and HCFA upon request.

D. Engagements to Perform Annual Assessments. NYLCare shall retain an outside entity, such as an accounting, auditing or consulting firm (hereinafter referred to as “Independent Review Organization”), to perform an engagement to assess NYLCare’s performance under its Medicare+Choice contracts in the following areas: enrollment data submission, encounter data submission, adjusted community rate data submission, claims processing and selective marketing/disenrollment practices (“performance engagement”). An additional engagement will determine whether NYLCare is in compliance with this CIA (“compliance engagement”). Accordingly, the Independent Review Organization(s) will conduct two separate engagements.

These independent reviews shall be an annual requirement, and each shall cover a twelve (12) month period. The Independent Review Organization(s) must be retained to conduct the engagements of the first year within one hundred twenty (120) days of the effective date of this CIA. The Independent Review Organization(s) must have expertise in the areas being assessed, as well as the reporting and other requirements of the Medicare+Choice contract.

Where the area to be reviewed requires a review of a statistically valid sample of items, as specified below, the review shall be a variable appraisal and the following parameters shall apply: the sample size shall be determined through the use of a probe sample; at a minimum, the full sample must be within a ninety (90) percent confidence level and a precision of twenty-five (25) percent; the probe sample must contain at least thirty (30) sample units and cannot be used as part of the full sample; both the probe sample and the full sample must be selected through random numbers. To make a selection through random numbers, NYLCare and/or the Independent Review Organization shall use OIG's Office of Audit Services Statistical Sampling Software, also known as *RAT-STATS*, which is available through the Internet at [www.hhs.gov/progorg/oas/ratstat.html](http://www.hhs.gov/progorg/oas/ratstat.html).

1. Each annual performance engagement shall include the following components in its methodology:
  - a. Performance Engagement Objective: A clear statement of the objective of the engagement and the procedure(s) that will be applied to achieve the objective.
  - b. Performance Engagement Population: For each review area, identify the population, which is the group about whom data must be gathered and analyzed. Explain the methodology used to develop the population and provide the basis for this determination.
  - c. Sources of Data: For each review area, provide a full description of the source of data upon which the performance engagement's conclusion(s) will be

based, including the legal or other standards applied, documents relied upon and/or any contractual obligations.

d. **Sampling Unit:** For each review area, define the sampling unit, which is any of the designated elements that comprise the population of interest.

e. **Sampling Frame:** For each review area, identify the sampling frame, which is the totality of the sampling units from which the sample will be selected.

2. *Performance Engagement.* The annual performance engagement shall consist of reviews of the following five areas:

a. *Enrollment Data.* The purpose of the enrollment data review is to determine the accuracy and reliability of NYLCare's submission of enrollment data to HCFA, including data indicating the Medicare/Medicaid dual eligibility, institutionalization, hospice status and End Stage Renal Disease ("ESRD") status. The enrollment data review shall consist of a review of a statistically valid sample of cases that can be projected to the population of claims for the relevant one-year time period. The enrollment data review shall provide:

i. findings regarding NYLCare's enrollment data submission operation (including, but not limited to, the operation of the enrollment data certification process, the strengths and weaknesses of the process that provides the basis for the certification, the internal controls of the process by which certification is obtained and the overall effectiveness of the system);

- ii. findings regarding whether NYLCCare is utilizing proper and appropriate methods in its enrollment data submission;
- iii. findings regarding NYLCCare's procedures to correct enrollment data that are incorrect;
- iv. findings regarding whether NYLCCare's receipt of enhanced capitation payments in cases of Medicare/Medicaid dual-eligibility, institutionalization, hospice status and ESRD status, is proper and appropriate, including, but not limited to, whether NYLCCare's requests for enhanced capitation can be supported by documentation (*i.e.*, copies of Medicaid cards and/or the database for dual eligibility verification); and
- v. findings regarding the steps NYLCCare is taking to bring its operations into compliance or to correct problems identified by the review.

b. *Encounter Data.* The purpose of the encounter data review is to determine the accuracy and reliability of NYLCCare's submission of encounter data to HCFA. The encounter data review shall consist of a review of a statistically valid sample of cases that can be projected to the population of claims for the relevant one-year time period. The encounter data engagement shall provide:

- i. findings regarding NYLCCare's encounter data submission operation (including, but not limited to, the operation of the encounter data certification process, the strengths and weaknesses of the process that

provides the basis for the certification, the internal controls of the process by which certification is obtained and the overall effectiveness of the system);

ii. findings regarding whether NYLCare is utilizing proper and appropriate methods in its encounter data submission;

iii. findings regarding NYLCare's procedures to correct encounter data that are incorrect; and

iv. findings regarding the steps NYLCare is taking to bring its operations into compliance or to correct problems identified by the audit.

c. *Adjusted Community Rate Data.* The purpose of the adjusted community rate data review is to determine the accuracy and reliability of NYLCare's submission of adjusted community rate data to HCFA. The adjusted community rate data review shall consist of a review of a statistically valid sample of cases that can be projected to the population of claims for the relevant time period. The adjusted community rate data review shall provide:

i. findings regarding NYLCare's adjusted community rate data submission operation (including, but not limited to, the operation of the adjusted community rate data certification process, the strengths and weaknesses of the process that provides the basis for the certification, the internal controls of the process by which certification is obtained and the overall effectiveness of the system);



- ii. findings regarding whether NYLCare is utilizing proper and appropriate methods in its adjusted community rate data submission;
- iii. findings regarding NYLCare's procedures to correct adjusted community rate data that are incorrect; and
- iv. findings regarding the steps NYLCare is taking to bring its operations into compliance or to correct problems identified by the audit.

d. *Claims Processing.* The purpose of the claims processing review is to determine whether NYLCare is in compliance with the prompt payment provisions of 42 C.F.R. § 422.520. The claims processing review shall consist of a review of a statistically valid sample of claims that can be projected to the population of claims for the relevant time period. The claims processing review shall provide:

- i. findings regarding NYLCare's claims processing operation (including, but not limited to, the operation of the claims processing system, strengths and weaknesses of this system, internal controls and effectiveness of the system);
- ii. findings regarding whether NYLCare is processing claims for services billed to NYLCare on behalf of Medicare beneficiaries in a proper and timely manner;
- iii. findings regarding NYLCare's procedures to correct inaccurate or untimely claims processing; and

iv. findings regarding the steps NYLCare is taking to bring its operations into compliance or to correct problems identified by the audit.

e. *Selective Marketing/Disenrollment.* The purpose of the selective marketing/disenrollment review is to determine whether NYLCare is discriminating on the basis of the health status of individuals when enrolling or disenrolling Medicare+Choice beneficiaries. These risk areas are described in greater detail at sections II.A.2.(b) and (c) of the OIG's Compliance Program Guidance for Medicare+Choice Organizations Offering Coordinated Care Plans found at <http://www.dhhs.gov/progorg/oig>. The Independent Review Organization shall use a combination of methods to perform this review, including, but not necessarily limited to, the following: the use of "secret shoppers" to test NYLCare's marketing efforts and sales agents; surveys of current enrollees; and exit interviews of former enrollees (particularly those who disenroll just prior to undergoing costly care) regarding their experiences with NYLCare's marketing and disenrollment process.

3. *Compliance Engagement.* The purpose of the compliance engagement is to provide findings regarding whether NYLCare's program, policies, procedures and operations comply with the terms of this CIA. This engagement shall include section by section findings regarding the requirements of this CIA. A complete copy of the original and final Independent Review Organization's report(s) or other rendering of conclusions pursuant to these engagements shall be included in each of NYLCare's Annual Reports to the OIG and HCFA.

4. *Verification/Validation.* In the event that the OIG determines that it is necessary to conduct an independent review to determine whether or the extent to which NYLCare is complying with its obligations under this CIA, NYLCare agrees to pay for the reasonable cost of any such review or engagement by OIG, HCFA or any of their designated agents. NYLCare agrees to pay for no more than one such review or engagement in any twelve (12) month period.

E. Confidential Disclosure Program. Within one hundred twenty (120) days after the effective date of this CIA, NYLCare shall establish a Confidential Disclosure Program, which must include measures (*e.g.*, a toll-free compliance telephone line operating 24 hours every day of the year) to enable Covered Individuals, Contracted Providers or other individuals to disclose to the Compliance Officer or some other person who is not in the reporting individual's chain of command, any identified compliance issues or questions associated with NYLCare's policies, practices or procedures with respect to NYLCare's Medicare+Choice contracts. NYLCare shall publicize the existence of the Confidential Disclosure Program (*e.g.*, in e-mails to Covered Individuals, on wallet cards, on pay stubs and through posting of the hotline number on an Intranet or in prominent common areas).

The Confidential Disclosure Program shall emphasize a non-retribution, non-retaliation policy and shall include a reporting mechanism for anonymous, confidential communication. Upon receipt of a complaint, the NYLCare Compliance Officer (or designee) shall gather the information in such a way as to elicit all relevant information from the individual reporting the alleged misconduct. The NYLCare Compliance Officer (or

designee) shall make a preliminary good faith inquiry into the allegations set forth in every disclosure to ensure that he or she has obtained all of the information necessary to determine whether a further review should be conducted. For any disclosure that is sufficiently specific so that it reasonably (1) permits a determination of the appropriateness of the alleged improper practice, and (2) provides an opportunity for taking corrective action, NYLCare shall conduct an internal review of the allegations set forth in such a disclosure and ensure that proper follow-up is conducted.

The NYLCare Compliance Officer shall maintain a confidential disclosure log that shall include a record and summary of each allegation received, the status of the respective investigations and any corrective action taken in response to the investigation. The confidential disclosure log shall be made available to OIG or HCFA upon request.

F. Ineligible Persons.

1. *Definition.* For purposes of this CIA, an “Ineligible Person” shall be any individual or entity who: (a) is currently excluded, debarred or otherwise ineligible to participate in the Federal health care programs or in Federal procurement or non-procurement programs; or (b) has been convicted of a criminal offense related to the provision of health care items or services, but has not yet been excluded, debarred or otherwise declared ineligible.

2. *Screening Requirements.* NYLCare shall not knowingly hire or engage as subcontractors any Ineligible Person if that Ineligible Person’s salary or the items or services rendered, ordered or prescribed by the Ineligible Person would be paid in whole or part,

directly or indirectly, by Federal health care programs or otherwise with Federal funds. To prevent hiring or subcontracting with any Ineligible Person, NYLCare shall screen all prospective Covered Individuals and prospective Contracted Providers prior to engaging their services by (i) requiring all Covered Individual applicants to disclose whether they are Ineligible Persons, and (ii) reviewing the General Services Administration's List of Parties Excluded from Federal Programs (available through the Internet at <http://www.arnet.gov/epl>) and the HHS/OIG list of excluded individuals and entities (available through the Internet at <http://www.hhs.gov/oig>) (these lists and reports will hereinafter be referred to as the "Exclusion Lists") to determine whether Covered Individual applicants and Contracted Provider applicants are Ineligible Persons.

3. *Review and Removal Requirement.* Within ninety (90) days of the effective date of this CIA, NYLCare will review its list of current Covered Individuals and Contracted Providers against the Exclusion Lists. Thereafter, NYLCare will review the list annually. In addition, NYLCare shall require employees and any contractors engaged after the effective date of this CIA to perform services under the NYLCare Medicare+Choice contracts to disclose immediately any debarment, exclusion or other event that makes the employee an Ineligible Person. If NYLCare has notice that a Covered Individual or a Contracted Provider has become an Ineligible Person, NYLCare will remove such Ineligible Person from responsibility for, or involvement with, NYLCare's business operations related to the Federal health care programs and shall remove such Ineligible Person from any position for which the Ineligible Person's salary or the items or services rendered, ordered or prescribed by the

Ineligible Person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds, at least until such time as the Ineligible Person is reinstated into participation in the Federal health care programs.

4. *Pending Charges and Proposed Exclusions.* If NYLCare has notice that a Covered Individual is charged with a criminal offense related to any Federal health care program, or is proposed for exclusion during his or her employment or contract, NYLCare shall take all appropriate actions to ensure that the responsibilities of that Covered Individual do not adversely affect the quality of care provided to beneficiaries of, or the accuracy of any claims submitted to, any Federal health care program. If NYLCare has notice that a Contracted Provider is charged with a criminal offense related to any Federal health care program, or is proposed for exclusion during the term of the Contracted Provider's contract, NYLCare shall take such reasonable action that it deems appropriate to safeguard the quality of care provided to beneficiaries of any Federal health care program by such Contracted Provider.

G. Notification of Investigation and Legal Proceedings. Within thirty (30) days of discovery, NYLCare shall notify OIG, in writing, of any ongoing investigation or legal proceeding, related to the Federal health care programs, conducted or brought by a governmental entity or its agents involving an allegation that NYLCare has committed a crime or has engaged in fraudulent activities. This notification shall include a description of the allegation, the identity of the investigating or prosecuting agency and the status of such investigation or legal proceeding. NYLCare shall also provide written notice to OIG within

thirty (30) days of the resolution of the matter, and shall provide OIG with a description of the findings and/or results of the proceedings, if any.

H. Reporting.

1. *Definition of Material Medicare+Choice Overpayment.* For purposes of this CIA, a Material Medicare+Choice overpayment (“Overpayment”) shall mean an amount of money that NYLCare has received from HCFA or any other Federal health care payor in excess of the amount due and payable (except for routine adjustments or reconciliations made by HCFA or NYLCare in the course of administering NYLCare’s Medicare+Choice contracts) under the Medicare+Choice Program.

2. *Definition of Material Deficiency.* For purposes of this CIA, a “Material Deficiency” means anything that involves: (i) a significant Overpayment; (ii) a violation by NYLCare or any Covered Individual of any Federal health care program statute, regulation or written Federal or State governmental directive related to NYLCare’s participation in the Federal health care programs (such a violation would be established by credible evidence of misconduct from any source that NYLCare, after reasonable inquiry, has reason to believe may violate criminal, civil or administrative law related to any Federal health care program in which NYLCare participates); or (iii) any material violation by NYLCare or a Covered Individual of, or failure to materially comply with, the standards contained in the Quality Improvement System for Managed Care for Organizations Contracting with Medicare or Medicaid. A Material Deficiency may be the result of an isolated event or a series of occurrences.

3. *Reporting of Overpayments.* If, at any time, NYLCare identifies or learns of any policies, procedures and/or practices that result in an Overpayment to NYLCare under the NYLCare Medicare+Choice contracts, NYLCare shall notify and repay any identified Overpayments to the payor (*e.g.*, HCFA or HCFA's Regional Office) and OIG within thirty (30) days of discovering the Overpayment and take remedial steps within sixty (60) days of discovery (or such additional time as may be agreed to by the payor) to correct the policies, procedures and/or practices that led to the problem, including steps to prevent the underlying problem and the Overpayments from recurring.

4. *Reporting of Material Deficiencies.* If NYLCare determines that there is a Material Deficiency, NYLCare shall notify OIG within thirty (30) days of discovering the Material Deficiency. If the Material Deficiency results in an Overpayment, the report to OIG shall be made at the same time as the report to the payor and shall include the following information: (i) the payor's name, address and contact person where the Overpayment was refunded; and (ii) the date and identification number (or electronic transaction number) of the check on which the Overpayment was repaid. Regardless of whether the Material Deficiency resulted in an Overpayment, the report to the OIG shall include:

- a. a complete description of the Material Deficiency, including the relevant facts, persons involved and legal and program authorities;
- b. NYLCare's actions to correct the Material Deficiency; and
- c. any further steps NYLCare plans to take to address such a Material Deficiency and prevent it from recurring.



#### **IV. NEW LOCATIONS**

In the event that NYLCare purchases or establishes new business units that participate in the Federal health care programs, after the effective date of this CIA, NYLCare shall notify OIG of this fact thirty (30) days prior to the date of purchase or establishment. This notification shall include the location of the new operation(s), phone number, fax number, Federal health care program provider number(s) (if any) and contract number. All Covered Individuals at such locations shall be subject to the requirements in this CIA that apply to new Covered Individuals. All Contracted Providers associated with such new locations shall be treated in a manner consistent with the terms of this CIA.

#### **V. IMPLEMENTATION AND ANNUAL REPORTS**

A. Implementation Report. Within one hundred fifty (150) days after the effective date of this CIA, NYLCare shall submit a written report to OIG and HCFA summarizing the status of its implementation of the requirements of this CIA. This Implementation Report shall include:

1. the name, address, phone number and position description of the Compliance Officer required by section III.A;
2. the names and positions of the members of the Compliance Committee required by section III.A;
3. a copy of the Code of Conduct required by section III.B.1;
4. the summary of the Policies and Procedures required by section III.B.2;

5. a description of the training programs required by section III.C, including a description of the targeted audiences and a schedule of when the training sessions were held;
6. a certification by the NYLCare Compliance Officer addressing whether:
  - a. the Policies and Procedures required by section III.B have been developed, are being implemented and have been distributed or made available to all appropriate Covered Individuals and Contracted Providers;
  - b. all Covered Individuals have completed the Code of Conduct certification required by section III.B.1; and
  - c. all Covered Individuals have completed the training and executed the certification required by section III.C.
7. a description of the Confidential Disclosure Program required by section III.E;
8. the identity of the Independent Review Organization(s) and the proposed start and completion date of the first audit; and
9. a summary of any personnel actions taken pursuant to section III.F.

B. Annual Reports. NYLCare shall submit to OIG and HCFA Annual Reports with respect to the status and findings of NYLCare's compliance activities for each of the one-year periods covered by this CIA. The Annual Reports shall include:

1. any change in the identity or position description of the NYLCare Compliance Officer and/or members of the Compliance Committee described in section III.A;
2. a certification by the NYLCare Compliance Officer that:
  - a. all Covered Individuals have completed the annual Code of Conduct certification required by section III.B.1; and
  - b. all Covered Individuals have completed the training and executed the certification required by section III.C.
3. notification of any changes or amendments to the Policies and Procedures required by section III.B and the reasons for such changes (*e.g.*, change in contractor policy);
4. a complete copy of the report(s) prepared pursuant to the Independent Review Organization's engagements, including a description of the methodology used;
5. NYLCare's response and/or corrective action plan to address any issues raised by the Independent Review Organization;
6. a summary of Overpayments and Material Deficiencies reported pursuant to section III.H, during the period covered by the Annual Report;
7. a report of the aggregate Overpayments that have been returned to the Federal health care programs, during the period covered by the Annual Report;
8. a summary of the confidential disclosures made pursuant to section III.E;

9. a description of any personnel actions (other than hiring) taken as a result of the obligations in section III.F; the name, title, and responsibilities of any person that falls within the ambit of section III.F.4; and the actions taken in response to the obligations set forth in that section, subject to the rights and privileges of individuals under applicable laws;
10. a summary and/or update describing any ongoing investigation or legal proceeding conducted or brought by a governmental entity, involving an allegation that NYLCare has committed a crime or has engaged in fraudulent activities, which must be reported pursuant to section III.G. The statement shall include a description of the allegation, the identity of the investigating or prosecuting agency and the status of such investigation or legal proceeding;
11. a corrective action plan to address the items reportable under section III.H;
12. a copy of NYLCare's certifications of enrollment data (including dual-eligibility status, institutionalization, hospice status and ESRD status), encounter data and adjusted community rate data provided to HCFA during the period covered by the Annual Report; and
13. a listing of all locations (including both street and mailing addresses) at which the NYLCare Medicare+Choice contracts are administered, the name under which NYLCare is doing business at each location, the phone and fax numbers for each location and the contract number associated with the health plan in each location.

The first Annual Report shall be received by OIG and HCFA no later than one year and ninety (90) days after the effective date of this CIA. Subsequent Annual Reports shall be submitted no later than the anniversary date of the due date of the first Annual Report.

C. Certifications. The Implementation Report and Annual Reports shall include a certification by the NYLCare Compliance Officer, under penalty of perjury, that except as otherwise described in the Report(s): (1) NYLCare is in compliance with all of the requirements of this CIA, to the best of his or her knowledge; and (2) the NYLCare Compliance Officer has reviewed the Report and has made reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful.

#### **VI. NOTIFICATIONS AND SUBMISSION OF REPORTS**

Unless otherwise stated in writing subsequent to the effective date of this CIA, all notifications and reports required under this CIA shall be submitted to the entities listed below:

OIG: Civil Recoveries Branch - Compliance Unit  
Office of Counsel to the Inspector General  
Office of Inspector General  
U.S. Department of Health and Human Services  
Cohen Building, Room 5527  
330 Independence Avenue, SW  
Washington, DC 20201  
Phone: 202.619.2078  
Fax: 202.205.0604

HCFA: Scott Nelson  
Health Plan Purchasing & Administration Group  
Health Care Financing Administration  
7500 Security Boulevard, Mail Stop C4-23-07  
Baltimore, Maryland 21244  
Phone: 410.786.1038  
Fax: 410.786.8933

NYLCare: Patricia A. Hemingway Hall  
President  
NYLCare Health Plans of the Gulf Coast, Inc. and  
NYLCare Health Plans of the Southwest, Inc.  
901 South Central Expressway  
Richardson, Texas 75080  
Phone: 972.766.1610  
Fax: 972.766.6060

## **VII. OIG INSPECTION, AUDIT AND REVIEW RIGHTS**

In addition to any other rights OIG and HCFA may have by statute, regulation or contract, OIG, HCFA or their duly authorized representative(s) may examine NYLCare's books, records and other documents and supporting materials and conduct on-site visits for the purpose of verifying and evaluating: (a) NYLCare's compliance with the terms of this CIA; and (b) NYLCare's compliance with the requirements of the Federal health care programs in which it participates. The documentation described above shall be made available by NYLCare to OIG, HCFA or their duly authorized representative(s) at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, OIG, HCFA or their duly authorized representative(s) may interview any Covered Individuals who consent to be interviewed at his or her place of business during normal business hours or at such other place and time as may be mutually agreed upon between the Covered Individual, OIG and HCFA. NYLCare agrees to assist OIG and HCFA in contacting

and arranging interviews with such Covered Individuals at OIG's or HCFA's request, consistent with such rights that the Covered Individuals may have under state law. Covered Individuals may elect to be interviewed with or without a representative of NYLCare present.

#### **VIII. DOCUMENT AND RECORD RETENTION**

NYLCare shall maintain for inspection all documents and records relating to capitated payments from the Medicare program or other Federal health care programs, or relating to compliance with this CIA, for six (6) years from the expiration or termination of the NYLCare Medicare+Choice contracts (or longer if otherwise required by applicable statute, regulation or written Federal or State governmental directive).

#### **IX. DISCLOSURES**

Subject to HHS' Freedom of Information Act ("FOIA") procedures, set forth in 45 C.F.R. Part 5, OIG and HCFA shall make a reasonable effort to notify NYLCare prior to any release by OIG or HCFA of information submitted by NYLCare pursuant to its obligations under this CIA, and identified upon submission by NYLCare as trade secrets, commercial or financial information, and therefore, privileged or confidential under the FOIA rules. With respect to the disclosure of such information, NYLCare shall have the rights set forth in 45 C.F.R. § 5.65(d). NYLCare shall refrain from identifying any information as trade secrets, commercial, financial, privileged or confidential information that does not meet the criteria for exemption from disclosure under FOIA. Nothing in this CIA, or in any communication or report made pursuant to this CIA, shall constitute a waiver of, or be

construed to require NYLCare or CHIC to waive, the attorney-client, work product or other applicable privileges.

**X. BREACH AND DEFAULT PROVISIONS**

NYLCare is expected to fully and timely comply with all of the obligations herein throughout the term of this CIA or other time frames agreed to herein.

A. Stipulated Penalties for Failure to Comply with Certain Obligations. As a contractual remedy, NYLCare and OIG hereby agree that failure to comply with certain obligations set forth in this CIA may lead to the imposition of the following monetary penalties (hereinafter referred to as “Stipulated Penalties”) in accordance with the following provisions.

1. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day during the term of this CIA that NYLCare fails to have in place any of the following:

- a. a Compliance Officer;
- b. a Compliance Committee;
- c. a written Code of Conduct;
- d. written Policies and Procedures;
- e. a General Training Program; and
- f. a Confidential Disclosure Program.



2. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day NYLCare fails to retain an Independent Review Organization, as required in section III.D.

3. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day NYLCare fails to meet any of the deadlines to submit the Implementation Report or the Annual Reports to OIG and HCFA.

4. A Stipulated Penalty of \$2,000 (which shall begin to accrue on the date the failure to comply began) for each day NYLCare knowingly employs or contracts with an Ineligible Person and that person: (i) has responsibility for, or involvement with, NYLCare's business operations related to the Federal health care programs; or (ii) is in a position for which the person's salary or the items or services rendered, ordered, or prescribed by the person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds (the Stipulated Penalty described in this paragraph shall not be demanded for any time period during which NYLCare can demonstrate that it did not discover the person's exclusion or other ineligibility after making a reasonable inquiry (as described in section III.F) as to the status of the person).

5. A Stipulated Penalty of \$1,500 (which shall begin to accrue on the date that NYLCare fails to grant access) for each day NYLCare fails to grant access to the information or documentation as required in section VII of this CIA.

6. A Stipulated Penalty of \$1,000 (which shall begin to accrue ten (10) days after the date that OIG provides notice to NYLCare of the failure to comply) for each day

NYLCare fails to comply fully and adequately with any obligation of this CIA where the failure to comply does not form the basis for OIG to seek Stipulated Penalties under the provision of Sections X.A.1 through X.A.5 above. In its notice to NYLCare, OIG shall state the specific grounds for its determination that NYLCare has failed to comply fully and adequately with the CIA obligation(s) at issue. OIG shall not seek a Stipulated Penalty under this Section X.A.6 if NYLCare can demonstrate, to OIG's satisfaction, that the alleged failure to comply could not be cured within the ten (10) day period, but that NYLCare (i) has begun to take action to cure the failure to comply; (ii) is pursuing such action with due diligence; and (iii) has provided OIG with a reasonable timetable for curing the failure to comply.

B. Payment of Stipulated Penalties.

1. *Demand Letter.* Upon a finding that NYLCare has failed to comply with any of the obligations described in section X.A of this CIA and that Stipulated Penalties are appropriate, OIG shall notify NYLCare by personal service or certified mail of (a) NYLCare's failure to comply and (b) OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is hereinafter referred to as the "Demand Letter"). Within ten (10) days of NYLCare's receipt of the Demand Letter, NYLCare shall either (a) cure the breach to OIG's satisfaction and pay the applicable Stipulated Penalties or (b) request a hearing before an HHS administrative law judge ("ALJ") to dispute OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth below in section X.D of this CIA. In the event NYLCare elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until NYLCare cures, to OIG's satisfaction, the

alleged breach in dispute. In the event the ALJ (or if appealed, the Departmental Appeals Board) determines that NYLCCare was not in breach of the CIA, or has cured any breach, no Stipulated Penalties shall be due for any period of time when NYLCCare was in compliance with the CIA. Failure to respond to the Demand Letter in one of these two manners within the allowed time period shall be considered a material breach of this CIA and shall be grounds for exclusion under section X.C of this CIA.

2. *Timely Written Requests for Extensions.* NYLCCare may submit a timely written request for an extension of time to perform any act or file any notification or report required by this CIA. Notwithstanding any other provision in this section, if OIG grants the timely written request with respect to an act, notification or report, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until one day after NYLCCare fails to meet the revised deadline as agreed to by the OIG-approved extension. Notwithstanding any other provision in this section, if OIG denies such a timely written request, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until two (2) business days after NYLCCare receives OIG's written denial of such request. A "timely written request" is defined as a request in writing received by OIG at least five (5) business days prior to the date by which any act is due to be performed or any notification or report is due to be filed.

3. *Form of Payment.* Payment of the Stipulated Penalties shall be made by certified or cashier's check, payable to "Secretary of the Department of Health and Human Services," and submitted to OIG at the address set forth in section VI of this CIA.

4. *Independence from Material Breach Determination.* Except as otherwise noted, these provisions for payment of Stipulated Penalties shall not affect or otherwise set a standard for OIG's determination that NYLCare has materially breached this CIA, which decision shall be made at OIG's discretion and be governed by the provisions in section X.C of this CIA.

C. Exclusion for Material Breach of this CIA.

1. *Material Breach.* A Material Breach of this CIA means:

- a. a failure by NYLCare to report a Material Deficiency (as defined in section III.H.2 of this CIA) or to take corrective action in response thereto and pay the appropriate Overpayment refunds, as provided in section III.H.3 of this CIA;
- b. flagrant or uncured repeated violations of the obligations under this CIA, including, but not limited to, the obligations addressed in section X.A of this CIA;
- c. a failure to respond to a Demand Letter concerning the payment of Stipulated Penalties in accordance with section X.B of this CIA;
- d. a failure to retain and use an Independent Review Organization for review purposes in accordance with section III.D of this CIA; or
- e. any conduct by NYLCare that is unlawful or is a repeated or flagrant violation of the standards contained in the Quality Improvement System for Managed Care.

2. *Notice of Material Breach and Intent to Exclude.* The parties agree that a Material Breach of this CIA by NYLCare (as defined in section X.C.1 of this CIA) constitutes an independent basis for NYLCare's exclusion from participation in the Federal health care programs. Upon a determination by OIG that NYLCare has committed a Material Breach of this CIA and that exclusion should be imposed, OIG shall notify NYLCare by certified mail of (a) NYLCare's Material Breach and (b) OIG's intent to exercise its contractual right to impose exclusion (this notification is hereinafter referred to as the "Notice of Material Breach and Intent to Exclude").

3. *Opportunity to Cure.* NYLCare shall have thirty (30) days from the date it receives the Notice of Material Breach and Intent to Exclude to demonstrate to OIG's satisfaction that:

- a. NYLCare is in full compliance with this CIA;
- b. the alleged Material Breach has been cured; or
- c. the alleged Material Breach cannot be cured within the thirty (30) day period, but that: (i) NYLCare has begun to take action to cure the Material Breach, (ii) NYLCare is pursuing such action with due diligence, and (iii) NYLCare has provided to OIG a reasonable timetable for curing the Material Breach.

4. *Exclusion Letter.* If at the conclusion of the thirty (30) day period, NYLCare fails to satisfy the requirements of section X.C.3 of this CIA, OIG may exclude NYLCare from participation in the Federal health care programs. OIG will notify NYLCare in writing

of its determination to exclude NYLCare (this letter shall be referred to hereinafter as the “Exclusion Letter”). Subject to the Dispute Resolution provisions in section X.D of this CIA, the exclusion shall go into effect twenty-five (25) days after NYLCare receives the Exclusion Letter. The exclusion shall have the effect as stated in 42 C.F.R. § 1001.1901. If NYLCare is excluded under the provisions of this CIA, NYLCare may seek reinstatement pursuant to the provisions at 42 C.F.R. §§ 1001.3001-.3004.

D. Dispute Resolution

1. *Review Rights.* Upon OIG’s delivery to NYLCare of its Demand Letter or of its Exclusion Letter, and as an agreed-upon contractual remedy for the resolution of disputes arising under the obligation of this CIA, NYLCare shall be afforded certain review rights comparable to the ones that are provided at 42 U.S.C. § 1320a-7(f) and 42 C.F.R. Part 1005, as if they applied to the Stipulated Penalties or exclusion sought pursuant to this CIA. Specifically, OIG’s determination to demand payment of Stipulated Penalties or to seek exclusion shall be subject to review by an ALJ and, in the event of an appeal, the Departmental Appeals Board (“DAB”), in a manner consistent with the provisions in 42 C.F.R. §§ 1005.2-1005.21. Notwithstanding the language in 42 C.F.R. § 1005.2(c), the request for a hearing involving Stipulated Penalties shall be made within ten (10) days of NYLCare's receipt of the Demand Letter, and the request for a hearing involving exclusion shall be made within twenty-five (25) days of NYLCare's receipt of the Exclusion Letter.

2. *Stipulated Penalties Review.* Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a

proceeding for Stipulated Penalties under this CIA shall be (a) whether NYLCare was in full and timely compliance with the obligations of this CIA for which OIG demands payment; (b) the period of noncompliance; and (c) with respect to a Stipulated Penalty authorized under section IX.A.6 only, whether the failure to comply could not be cured within the 10-day period, but that by the end of that period (i) NYLCare had begun to take action to cure the failure to comply; (ii) NYLCare was and is pursuing such action with due diligence; and (iii) NYLCare had provided to OIG a reasonable timetable for curing the Material Breach which was and is being followed. NYLCare shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. If the ALJ finds for OIG with regard to a finding of a breach of this CIA and orders NYLCare to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable twenty (20) days after the ALJ issues such a decision, notwithstanding that NYLCare may request review of the ALJ decision by the DAB.

3. *Exclusion Review.* Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on a Material Breach of this CIA shall be (a) whether NYLCare was in Material Breach of this CIA; (b) whether such Material Breach was continuing on the date of the Exclusion Letter; and (c) whether the alleged Material Breach could not have been cured within the thirty (30) day period, and if not, whether (i) NYLCare had begun to take action to cure the Material Breach within that time period, (ii) NYLCare has pursued and is pursuing such action with due diligence, and (iii) NYLCare provided to OIG within that time period a

reasonable timetable for curing the Material Breach. For purposes of the exclusion herein, exclusion shall take effect only after an ALJ decision that is favorable to OIG. NYLCare's election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude NYLCare upon the issuance of the ALJ's decision. If the ALJ sustains the determination of OIG and determines that exclusion is authorized, such exclusion may, at OIG's sole discretion, take effect twenty (20) days after the ALJ issues such a decision, notwithstanding that NYLCare may request review of the ALJ decision by the DAB.

#### **XI. EFFECTIVE AND BINDING AGREEMENT**

Consistent with the provisions in the Settlement Agreement pursuant to which this CIA is entered, and into which this CIA is incorporated, NYLCare, OIG and HCFA agree as follows:

A. this CIA shall be binding on the successors, assigns and transferees of NYLCare (and notwithstanding anything contained herein to the contrary, CHIC shall not be deemed a successor, assignee or transferee of NYLCare or a party to this CIA);

B. this CIA shall become final and binding on the date of the closing of the Stock Purchase Agreement, and NYLCare shall promptly submit a letter to OIG and HCFA providing them with notice of the closing;

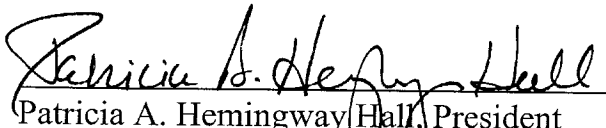
C. any modifications to this CIA shall be made with the prior written consent of the parties to this CIA; and

D. the undersigned NYLCare signatories represent and warrant that they are authorized to execute this CIA. The undersigned OIG and HCFA signatories represent and

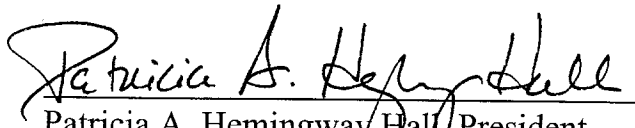


warrant that they are signing this CIA in their official capacity and that they are authorized to execute this CIA.

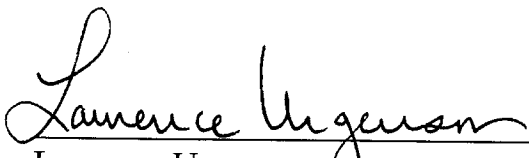
**ON BEHALF OF NYLCARE HEALTH PLANS OF THE GULF COAST, INC.  
AND  
NYLCARE HEALTH PLANS OF THE SOUTHWEST, INC.**

  
Patricia A. Hemingway Hall, President  
NYLCare Health Plans of the Gulf Coast, Inc.

3-31-00  
DATE

  
Patricia A. Hemingway Hall, President  
NYLCare Health Plans of the Southwest, Inc.

3-31-00  
DATE

  
Laurence Urgenson  
Kirkland and Ellis  
Counsel for NYLCare

4-4-00  
DATE

**ON BEHALF OF THE OFFICE OF INSPECTOR GENERAL  
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**



\_\_\_\_\_  
Lewis Morris  
Assistant Inspector General for Legal Affairs  
Office of Inspector General  
U. S. Department of Health and Human Services

4/7/00  
DATE

**ON BEHALF OF THE HEALTH CARE FINANCING ADMINISTRATION  
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**



\_\_\_\_\_  
Gary Bailey  
Director  
Health Plan Purchasing & Administration Group  
Health Care Financing Administration  
U.S. Department of Health and Human Services

4/11/00  
DATE